

# **Appendix 1:**

**Former Regulation  
18702.1: Material  
Financial Effect:  
Official's Economic  
Interest is Directly  
Involved in the  
Decision.**

(Regulations of the Fair Political Practices Commission, Title 2, Division 6 of the California Code of Regulations)

18702.1. Material Financial Effect: Official's Economic Interest is Directly Involved in the Decision

(a) The effect of a decision is material if any of the following applies:

(1) Source of Income or Gifts - Any person (including a business entity) which has been a source of income (including gifts) to the official of \$250 or more in the preceding 12 months is directly involved in a decision before the official's agency or there is a nexus (as defined in subdivision (d)) between the purpose for which the official receives income and the governmental decision; or

(2) Investment in Business Entity - Any business entity (other than one covered by Section 18702.2(a) or (b)) in which the official has a direct or indirect investment of \$1,000 or more, any business entity covered by Section 18702.2(a) or (b) in which an official has a direct or indirect investment of \$10,000 or more, or any business entity in which the official is an officer, director, partner, trustee, employee, or holds any position of management, is directly involved in a decision before the official's agency; or

(3) Interest in Real Property-

(A) The decision involves the zoning or rezoning, annexation or deannexation, sale, purchase, or lease, or inclusion in or exclusion from any city, county, district or other local governmental subdivision, of real property in which the official has a direct or indirect interest (other than a leasehold

interest) of \$1,000 or more, or a similar decision affecting such property;

(B) The decision involves the issuance, denial or revocation of a license, permit or other land use entitlement authorizing a specific use or uses of such property;

(C) The decision involves the imposition, repeal or modification of any taxes or fees assessed or imposed on such property; or

(D) The decision is to designate the survey area, to select the project area, to adopt the preliminary plan, to form a project area committee, to certify the environmental document, to adopt the redevelopment plan, to add territory to the redevelopment area, or to rescind or amend any of the above decisions; and real property in which the official has an interest, or any part of it is located within the boundaries (or the proposed boundaries) of the redevelopment area.

(E) For purposes of this subdivision, the terms "zoning" and "rezoning" shall refer to the act of establishing or changing the zoning or land use designation on the subject property, but shall not refer to an amendment of an existing zoning ordinance or other land use regulation (such as changes in the uses permitted, or development standards applicable, within a particular zoning category) which is applicable to all other properties designated in that category.

(4) The Official or Immediate Family - The decision will result in the personal expenses, income, assets (other than

interests in real property), or liabilities of the official or his or her immediate family increasing or decreasing by at least \$250.

(b) A person or business entity is directly involved in a decision before an official's agency when that person or entity, either personally or by an agent:

(1) Initiates the proceeding in which the decision will be made by filing an application, claim, appeal, or similar request or;

(2) Is a named party in, or is the subject of, the proceeding concerning the decision before the official or the official's agency.

(3) A person or business entity is the subject of a proceeding if a decision involves the issuance, renewal, approval, denial or revocation of any license, permit, or other entitlement to, or contract with, the subject person or business entity.

(c) Notwithstanding subsection (a) an official does not have to disqualify himself or herself from a governmental decision if:

(1) The decision only affects the salary, per diem, or reimbursement for expenses the official or his or her spouse receives from a state or local government agency. This subsection does not apply to decisions to hire, fire, promote, demote, or discipline an official's spouse, or to set a salary for an official's spouse which is different from salaries paid to other employees of the spouse's agency in the same job classification or position;

(2) Although disqualification would otherwise be required under subsection (a)(1), (a)(2), or (a)(3) the decision will have no financial effect on the person or business entity who appears before the official, or on the real property.

(d) There is a nexus between the purpose for which an official receives income and a governmental decision if the official receives income to achieve a goal or purpose which would be achieved, defeated, aided, or hindered by the decision.

Note: Authority cited: Section 83112, Government Code.  
Reference: Section 87103, Government Code.

#### History

- (1) New section filed 9-5-85; effective thirtieth day thereafter.
- (2) Amendment filed 10-17-88; effective thirtieth day thereafter.